

Amendments to Senate Bill No. 427  
1st Reading Copy

SENATE TAXATION  
EXHIBIT NO. 5  
DATE 4.12.11  
BILL NO. SB427

Requested by Senator Bob Lake

For the Senate Taxation Committee

Prepared by Lee Heiman  
April 12, 2011 (8:29am)

1. Title, page 1, line 7.

**Following:** "MINE;"

**Insert:** "PROVIDING A PARTIAL REIMBURSEMENT TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT SHARE PAYMENT, TO SCHOOL DISTRICTS THROUGH THE BLOCK GRANT PROGRAM, AND TO THE MONTANA UNIVERSITY SYSTEM THROUGH SUPPORT OF PUBLIC EDUCATION INSTITUTIONS FOR THE LOSS OF COAL GROSS PROCEEDS TAX REVENUE;"

2. Page 3, line 20.

**Insert:** "NEW SECTION. **Section 2. Reimbursement for rate reduction and exemption -- distribution.** (1) For the tax rate reductions in 15-23-703 and for the effective tax rate reductions on property under 15-6-145 because of the rate reductions required by the amendment of 15-23-703 in [section 1], the department shall, by June 1, for each calendar year that the tax rate is adjusted under 15-23-703, estimate for each affected local government, as defined in 15-1-121(5), each school district, each tax increment financing district, and the 6-mill university levy for the purposes of 15-23-703, 75% of the difference between property tax collections under 15-23-703, as amended by [section 1], and under 15-6-145 and the property tax revenue that would have been collected under 15-23-703 and 15-6-145 if 15-23-703 had not been amended by [section 1]. The difference is the annual reimbursable amount for each local government, each school district, each tax increment financing district, and the 6-mill levy for the support of the Montana university system under 15-10-108.

(2) (a) The department shall distribute the reimbursement to local governments with the entitlement share payments under 15-1-121(7) for all fiscal years in which rate reductions occur. Local government reimbursements for subsequent years are made pursuant to the entitlement share recomputation as provided in 15-1-121(6).

(b) For all other fiscal years in which rate reductions occur, the department shall determine from the amount calculated under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property for each local government. By August 1 following each of those fiscal years, the department shall distribute the amount determined

under this subsection (2)(b) for local governments as provided in 15-1-121(6)(a).

(3) (a) The office of public instruction shall distribute the reimbursement to school districts with the block grants pursuant to 20-9-630 for all other fiscal years in which rate reductions occur. School district reimbursements for subsequent fiscal years are made pursuant to 20-9-630.

(b) For all fiscal years in which rate reductions occur, the department shall determine from the amount calculated under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property for each school district. By August 1 following each of those fiscal years, the office of public instruction shall distribute the amount determined under this subsection (3)(b) in the same manner as the block grant is distributed by fund under 20-9-630.

(4) (a) For each fiscal year in which rate reductions occur, the amount determined under subsection (1) for each tax increment financing district must be added to the reimbursement amount for the tax increment financing district as provided in 15-1-121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing district that is entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the reimbursement must be made to that tax increment financing district at the same time as other districts.

(b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall determine from the amount calculated under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property for each tax increment financing district. By August 1 following each of those fiscal years, the department shall distribute the amount determined under this subsection (4)(b) to each tax increment financing district as provided in 15-1-121(8) and to any other tax increment financing district that is entitled to a reimbursement under this section.

(5) (a) For all fiscal years in which rate reductions occur, the amount determined under subsection (1) for the 6-mill university levy must be added to current collections and reimbursements for the support of the Montana university system as provided in 15-10-108.

(b) For all fiscal years in which rate reductions occur, the department shall determine from the amount calculated under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property for the 6-mill university levy. By August 1 following each of those fiscal years, the department shall distribute the amount determined under this subsection (5)(b) for the support of the Montana university system as provided in 15-10-108."

**Insert:** "COORDINATION SECTION. Section 3. Coordination instruction. If neither Senate Bill No. 372 or House Bill No. 495 are is passed and approved in a form amending amending 15-1-121,

then [this act] is void."

**Renumber:** subsequent sections

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